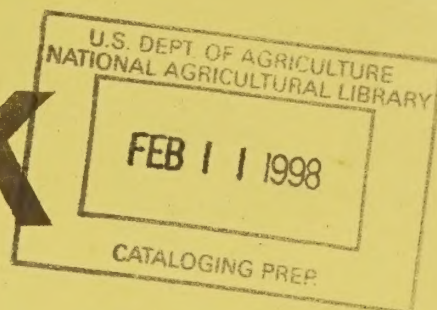


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OUTLOOK WORK: THE FIRST 20 YEARS

UNITED STATES DEPARTMENT OF AGRICULTURE

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OUTLOOK WORK: The First 20 Years

Introduction

Agriculture in the United States today is in far better position to produce the food and fiber required for victory, than it was when we entered the first World War, even though the task itself may be a larger one.

We are better equipped to determine the size and nature of the job that must be done, better equipped to plan the means for doing it, and better able to get it done.

The total needs of United States and its Allies, and the job cut out for individual farmers to meet those needs, were summed up in the production goals first announced at four regional meetings last September, then revised in the light of war developments, and made public in revised form at the January 1942 National Outlook Conference. Establishment of production goals for agriculture, National, State, and local, brought our agriculture closer than ever before to the fulfillment of one of its oldest objectives--an intelligent balance of the production, marketing, and consumption of farm products for the greatest good of the entire Nation. This new and better position of our agriculture can be attributed in no small degree to the development of National Agricultural Outlook work during the last 20 years, and to the many byproducts that have flowed from that development. The production goals themselves are closely related to the agricultural outlook, and their establishment was made possible through use of much of the basic research and techniques upon which present-day outlook work is founded.

The development of the work since the first National outlook conference in 1923 has been guided by an unremitting effort to make it more useful to individual farmers as a guide in planning their production and marketing for maximum returns. Greater localization and attention to management and marketing problems have been objectives from the beginning. Notable in this trend has been the development of many highly effective State outlook programs.

A similar trend in the formulation of production goals may be anticipated as they too become an agricultural institution. The production goals are based on the expected demand for farm products in the United States, the needs of its Allies, adequate reserves, and a stockpile for post-war rehabilitation. The estimated needs are expressed in specific pounds and acreages, for each commodity. In allocating the goals by States, an effort was made to anticipate the necessary adjustments in each region and the problems that would have to be met and overcome by individual farmers in meeting those goals. State and local committees familiar with the local problems of each area were called upon so far as possible to help determine the fairness and adequacy of the State goals, and their application to each individual farm. Further extension of such democratic procedure may be expected in the future.

All this is in striking contrast to the situation during World War I, when only a limited amount of research in agricultural economics was under way. Departmental conferences held then with the view of formulating an agricultural program designed to meet the farmers price disparity ended in a decision that the project was impracticable and must be abandoned. Wartime control of the food supply was vested outside the Department of Agriculture, in the Food Administration. True, the Department had a voice in the councils of that agency--but more than once its suggestions were overruled.

The contrast between the Nation's machinery then and today for carrying out comprehensive and effective agricultural programs is paralleled by an equally striking contrast between its equipment then and today for formulating such programs.

In 1917-18, research in agricultural economics was still in its pioneering stages, both in the States and in the Federal Government. Agriculture had no central planning organization. Today, the Bureau of Agricultural Economics serves as a clearinghouse for agricultural planning in the Department and throughout the Nation. In cooperation with the Extension Service and the Land Grant Colleges, it has promoted the organization of Agricultural Planning committees that are now functioning in nearly 1,500 counties and in virtually every State. Together, the county and community committees bring to bear upon the shaping of agricultural policies and programs the experience and opinions of more than 100,000 farmers and of local representatives of State and Federal agencies.

The outlook for agriculture is necessarily a basic consideration in this process; and these planning committees serve as an effective medium for disseminating agricultural outlook information in their home communities.

Beginnings of Outlook Work

April 1923, is generally regarded as the beginning of a continuous Outlook program within the Department of Agriculture, although some work had been done earlier in this direction.

For example, the crop reporting service upon which much of the outlook work is based was started during the Civil War, in 1862. In 1913 the Department began the release of certain forecast material at monthly intervals. This material was later published in the Farmers' Bulletin Series under the title of "The Agricultural Outlook".

From time to time during the first World War bulletins containing some outlook information were issued to encourage the production of needed foodstuffs.

At the time of the creation of the Bureau of Agricultural Economics, in 1922, many men in the Department and in the States felt some means should be developed of getting results of economic research out to farmers in such form as to serve as a useful guide to their production and marketing the following year. The chief of the Bureau, Dr. H. C. Taylor developed this general idea until finally it took the form of an organized program such as presently was initiated.

While the Bureau of Agricultural Economics was preparing to issue its first report for a number of different crops on farmers' "intentions to plant", the suggestion was made that this information would be more useful to farmers if it were interpreted in the light of the general economic conditions expected during the coming year. It was proposed that a group of nationally known economists and statisticians from outside the Department be called together to analyze the "intentions" report, and to indicate to farmers whether or not these intentions were in line with prospective demand.

Henry C. Wallace, then Secretary of Agriculture, gave his consent to a proposal at a meeting with Dr. H. C. Taylor and Henry A. Wallace; and the first Outlook Conference was held April 20 and 21, 1923, in the conference rooms of the Bureau, with Dr. Taylor as chairman. O. C. Stine prepared a handbook of facts to be used by members of the conference.

Those taking part in the preparation of the first Agricultural Outlook Report were: George E. Roberts from the National City Bank of New York; Carl Snyder, Federal Reserve Bank of New York; Wesley C. Mitchell, Bureau of Economic Research, New York City; B. M. Anderson, Jr., Chase National Bank, New York City; E. W. Wentworth, Armour and Co., Chicago; B. W. Snow, Bartlett-Frazier Company, Chicago; William G. Reed, George McFadden and Bro., Philadelphia; Warren M. Persons, Harvard University; George F. Warren and Frank A. Pearson, Cornell University; Thomas S. Adams, Yale University; H. A. Wallace, Corn Belt Meat Producers Association, Des Moines; H. W. Moorhouse, American Farm Bureau Federation, Chicago; H. G. Moulton, Institute of Economics, Washington, D. C.; Walter W. Stewart, Federal Reserve Board, Washington, D. C.; Frank Surface and E. G. Montgomery, Department of Commerce, Washington, D. C.; and William T. Foster, Pollak Foundation for Economic Research, Newton, Mass.

The conference foresaw a slightly less favorable foreign demand for the products of farmers in the United States, but pointed out that "the domestic demand for agricultural products will be active so long as the present prosperous condition of business with full employment continues." One of the most definite statements on individual commodities was to the effect that there was nothing in the probable demand sufficient to offset the contemplated increase of 10 percent in planted tobacco acreage.

Acting on a recommendation of this conference, Secretary Wallace called another meeting of much the same group for July 11 and 12, to comment on the special pig survey of June, and on the July estimates of the wheat crop.

Also present at this meeting were W. I. King of the National Bureau of Economic Research, New York; J. F. Ebersole of the Federal Reserve Bank of Minneapolis; W. E. Grimes of Kansas State Agricultural College; Hilding E. Andersen of Case, Pomeroy Co., New York City; and E. G. Nourse of Iowa State Agricultural College.

Perhaps the most prophetic statement in this report was, "This committee is less impressed with the immediate wheat supply situation than it is with the future possibilities in case present exporting countries fail to readjust their acreage to offset increasing bread grain production in Europe."

Apparently this first year's report was generally well received throughout the country. In 1924, the Outlook Conference was continued as a Department affair, with no outside experts sitting on the committee. As Dr. Taylor later commented, "The Bureau of Agricultural Economics took the lead and stood the criticism involved." These early outlook conferences were held behind locked doors and great care was taken to maintain the secrecy of the reports until the time set for public release. These precautions were taken in anticipation of the effect this outlook information might have on the markets.

Reception of the second annual report was so favorable that it was decided to organize the work on a permanent basis. W. A. Schoenfeld, then assistant chief of the Bureau of Agricultural Economics, was appointed general chairman, and instructed to organize special committees on hogs, cattle, sheep, dairying and poultry, tobacco, wheat, corn, cotton, fruit crops, truck crops, feed and forage crops, domestic demand, agricultural competition, and demand in foreign countries.

A few of the leading State agricultural economists were called in to help prepare the national report for 1926, and later that year H. R. Tolley, now chief of the Bureau of Agricultural Economics, was appointed permanent executive secretary of the Agricultural Outlook committees. His first efforts and major contributions were toward making the outlook information more accurate and dependable, and in developing it into a continuous, timely, economic informational service throughout the year.

A few years later, Dr. Taylor said of this work, "The Outlook Report is now one of the established institutions of the Department of Agriculture." But he looked ahead to a continual improvement of the research work on which the Outlook Report is based and prophesied that "in time the annual Agricultural Outlook Report will be worth more to the American farmers than the entire cost of the Department of Agriculture."

Philosophy Underlying Early Work

The purpose behind the initiation of outlook work, as later outlined by Dr. Taylor, was this: "Our proposal was not to formulate an agricultural program but to draw a picture of the conditions with respect to the probable

supply and demand throughout the competing area. * * * The farmers were not to be told what to do but given the facts they needed in order to act intelligently. * * * It is well recognized that orderly marketing must be effected if farm prices are to be stable. The thinking farmers have already grasped the idea that orderly production is the basis of orderly marketing."

It has been said many times that, "the average farmer plans next year's production according to this year's prices." The post-war agricultural depression of the early 1920's convinced many leaders, both inside and outside agriculture, that some means must be found of planning the production and marketing of farm products on a more intelligent basis. They felt that economic research should become less a record of the past and more a guide to the future.

Individualism was such a strong tradition within agriculture, however, that the prevailing concept of agricultural adjustment was to give farmers the best available information on the prospective total supply and demand, and let them adjust their individual operations accordingly. From 1923 to 1933, the outlook work was shaped largely by this tradition of individualism albeit outlook information did play an important part in guiding the co-operative marketing of farm products. A reader of Wallace's Farmer, in 1928, made the interesting suggestion that agricultural statistics would be of great value to the farmer as a means of cutting down on surplus production if every farmer would study the outlook and then, for example, market a certain percentage of his brood sows, corresponding with his share of the surplus. And later the Federal Farm Board relied heavily on outlook education as one hopeful means of adjustment.

The first requisite for use of outlook information by the individual farmer was that the Outlook Report should be complete, and stated in fairly specific terms. A farmer must have the information at the right time of year if it was to be useful in his production and marketing. He must know how the application of outlook information to his farm differed from its application to other farms in his neighborhood, and to other regions. In the production of tree fruits and livestock he needed a long look ahead. The Department and the Land-Grant Colleges set out to obtain better information and to develop techniques of applying it to individual farms.

It is worth noting that the usefulness of early outlook forecasts was often measured by the number of times in which they proved wrong. S. W. Mendum, who was for a number of years editor for the outlook committees, recalls that many early outlook workers took this position: If, for example, farmers in a year of prospective surplus planted a smaller acreage of wheat than the "intentions to plant" had indicated, it was a sign that the outlook reports had warned them of an impending surplus and they had modified their original intentions accordingly.

At no stage was it assumed that the Outlook program as such would solve the fundamental problem of the farmers' price disparity, even in commodities where this disparity was due to a distinct overproduction. The Outlook program, had it been designed to meet such disparity, would have

been headed up a blind alley, because farmers as a whole simply would not in the nature of things reduce their production so extensively as to eliminate the over-all surplus problem in a commodity. That part of the objective that had to do with minimizing the fluctuations in the total supply could be successful only if so many farmers followed the Outlook Report in their production adjustment as to influence significantly the supply in any one year as compared with the supply over a period of years. Even this degree of fluctuation was not achieved. Hence, so far as individual commodity adjustment is concerned, it appears that the Outlook Report was beneficial to those farmers who used it and profited by going against the current trend. In short, individual action alone, which the early Outlook effort was designed to aid, was not sufficient to solve the problem of price disparity of particular commodities insofar as it was due to general over-supply of the commodity or even to fluctuations in supply from year to year, especially as these fluctuations are due often to weather, beyond the farmers' control. All this pointed to the necessity of supplementing, not replacing, individual effort by over-all cooperative programs sponsored by public agencies and voluntarily participated in by the individual farmers. Hence, action programs in later years were superimposed upon the education done through the medium of the Outlook work, to achieve the necessary adjustment and to reach production goals.

Advise or Inform?

Outlook work has varied between vague generalizations and specific forecasts. Since the beginning there have been two schools of thought in regard to it. There has been opposition to definite acreage or crop forecasting on the ground that this played into the hands of the speculator and the middleman. There has been support on the ground that the markets have much of this information, anyway, from their own private sources, and therefore the farmers have everything to gain and nothing to lose from impartial Government forecasts.

In evident anticipation of a controversy that later developed, the report of July 1923, closed with the comment, "The facts that have been presented in this summary of the world agricultural outlook are well known in the trade and have been discounted in the markets."

Although the early Outlook Reports were based chiefly on "intentions to plant," the 1924 issue said only this about cotton, "Because of pending national legislation specifically prohibiting reports of intentions to plant cotton, no report has been compiled."

Nevertheless, the 1925 report was much more specific in its recommendations than others before or since. This report was keynoted by a quotation from President Coolidge that: "Inasmuch as orderly production is a necessary preliminary to orderly marketing, the well-informed farmer must keep himself posted, months in advance, concerning the probable production of various kinds of livestock during the coming season, as well as concerning the probable requirements of the market."

The 1925 report recommended national adjustments in the production of various commodities in such terms as these: Corn--"An increased acreage in 1925 does not appear advisable." Hogs--"A further reduction in production is highly undesirable." Wheat--"Growers of hard spring wheat are cautioned not to increase production above domestic requirements."

In September 1927, the Bureau of Agricultural Economics forecast lower cotton prices. The prediction was picked up on the market tickers, and coincided with a downward plunge of the uneasy market. Many people assumed that the forecast had caused the break. Each year since, Congress has included in the appropriation act for the Department of Agriculture, a prohibition on cotton-price forecasting.

During the next year or two the pros and cons of this prohibition were argued in the farm press. Some grower groups passed resolutions condemning price-forecasting, and others urged the Department to expand this type of activity.

The position of the Bureau of Agricultural Economics was set forth in a statement by its chief, Lloyd S. Tenny, before a Congressional committee. Here are excerpts:

"The facts are that the real break in the price of cotton came 7 days before our price-situation statement was issued. . . Prices fell because they had risen out of line with supply and demand conditions.

"* * * By calling farmers' attention to the fact that prices were likely to fall, we advised them of an opportunity to sell while selling was good and before prices reached the low points to which they were going. In the past 10 years farmers could have added hundred of millions of dollars to their incomes by planning their marketing in view of probable price changes.

"It has been asserted that the Department of Agriculture should publish facts and should let farmers make their own interpretation.

"* * * Facts without interpretation mean nothing. . . Large business organizations employ statisticians and economists to collect and analyze such information for them. Six million unorganized farmers cannot do this themselves."

The result of this controversy was that specific price forecasting from that time on was done more cautiously; and outlook forecasts were couched in more vague and general language.

Eric Englund, of the Bureau of Agricultural Economics, who was chairman of the Outlook committee for more than 10 years, sums up the dilemma in this fashion:

"Critics of this type of economic prediction contended that a price forecast backed by the prestige of a Federal Department was likely to cause

the very change that had been forecast. Therefore, a public agency subject to all the vicissitudes of public forces was confronted with a policy question of delicate balance--it being easier to get leave to forecast prices on a rising market than on a falling market.

"Should it adopt a cautious attitude on the declining trend and an attitude of great freedom of expression on the rising trend? In order to avoid being merely fair-weather forecasters, it was necessary to adopt a policy of reasonable caution on both trends.

"As a part of the policy of caution, a good deal was done to indicate future trends by interpreting the factors of supply and demand including trends in the general price level without expressing an interpretation in terms of an increase or decrease in the price of the commodity in question."

To the research worker, the paramount problem was the development of new techniques to improve the accuracy of the forecasts and to extend their field. To the administrator, the problem was to keep pace with public acceptance of these new fields, in the belief that it was better to make cautious forecasts than to be prevented from making forecasts at all.

In 1931, F. L. Thomsen, then at the University of Missouri, complained of the "increasing indefiniteness of the reports received from Washington." Many State extension economists also insisted that the reports must be made more concrete if they were to benefit farmers.

With the advent of the action programs and production goals, farmers were given new tools to help them adjust their individual production and marketing in line with the National and world outlook. And the outlook forecasts became more specific and localized to meet the needs of these programs.

Development of Research

From the first Outlook conference on, men within the Department and the Land-Grant colleges felt the need for a broader foundation of research work on which to base outlook predictions. The Outlook Report was born out of economic research. But like many a child that helps to keep its parents up-to-date, it soon became a stimulus to the improvement of the research programs themselves.

The early work was centered principally around the price outlook for individual commodities.

Commodity analysis with the definite purpose of forecasting was begun in 1921. Before that time--during World War I--Dr. Stine had prepared a report showing the position of the Allies and the Central Powers with reference to wheat and had prepared charts and other kinds of information which were introduced into the hearings held as a preliminary to setting the price of wheat.

In 1921, G. F. Warren of Cornell University came to Washington at the request of H. C. Taylor, and there wrote the most comprehensive bulletin on prices of agricultural commodities that had been published by the Department of Agriculture up to that time. Issued in August of that year, it was Bulletin No. 999, on "Prices of Farm Products in the United States."

G. C. Haas of Minnesota came into the Bureau of Agricultural Economics, and began analysis work on hog prices. Later he was joined in this work by Mordecai Ezekiel. B. B. Smith began the cotton-price analysis. The work on wheat, begun by Dr. Stine, was continued by E. M. Daggitt, and later by E. J. Working and L. H. Bean developed data on the demand side of the price-analysis work.

The first annual report of the Bureau of Agricultural Economics, for the year ending June 30, 1923, had this to say about the work done up to that time: "To furnish a scientific and objective basis for price forecasting a new project was begun. A large part of the uncertainty attending present forecasts of prices arises from the imperfections of our knowledge of price relationships. Price changes and the series indicating changes in the supply and demand factors are as a rule not synchronous but occur with lags. To determine the degree of these relationships and their lags is the ultimate objective of this analysis. . . ."

"The practical purpose of the price-analysis work is to give the farmer the benefit of a scientific analysis of his problem, so that he may be able to make the best estimate possible with the facts available. Considerable progress has been made in the analysis of hog and cotton prices, and the study of feeder cattle prices has been started. . . ."

As early as 1925, price analysts within the Department found they could make accurate predictions of next-year acreages of some crops on the basis of conditions the previous year, long before the "intentions to plant" reports came in. Thus it was possible to advance the date of the Outlook conferences and so get more and more information into the hands of farmers in time to affect their next year's production and marketing.

The first commodities to receive detailed consideration in the outlook reports were hogs, cotton, and wheat. By 1925, 24 commodities were listed; in 1926 there were 30; and in 1927 there were 35. The list grew steadily, as research branched out into more and more commodities.

Paralleling the increase in number, there was a steady refinement of the background data regarding some of the commodities first studied.

As other lines of economic research within the Department developed, they contributed more and more to the improvement of price-analysis work. For example, a memorandum in 1927 commented, "with the exception of wheat and flax, but little statistical work has yet been done on the relation of foreign production and demand to prices here."

"Most of the outlook work on foreign demand has. . . . been of a purely descriptive character. . . . This showed up particularly for hogs in 1927, when the foreign situation was correctly described in the outlook, but its influence on prices very much under-estimated." In 1930, a foreign agricultural service was established in the Bureau of Agricultural Economics, and this became the foundation for more accurate prediction of foreign demand.

Type-of-Farming Studies

Just as the development of price-analysis techniques has been fundamental to the improvement of national commodity forecasts, the development of farm-management research has been fundamental to the use of these forecasts by individual farmers. Among the first significant contributions in this direction were the type-of-farming studies.

The first type-of-farming studies simply mapped out roughly the broad areas of the country where similar enterprises were predominant. These were refined in the late 20's and early 30's, chiefly on the basis of census data. And beginning in the last 20's type-of-farming studies were inaugurated in several individual States by W. J. Spillman.

In an article published in 1928, F. F. Elliott, who was engaged in some of this work, discussed "The 'Representative Firm' Idea Applied to Research and Extension in Agricultural Economics." This article described the concept of the typical or model farm. Dr. Elliott observed that blanket recommendations for the "average" farmer are to indefinite and were likely to be misleading. "That is needed is a segregation of farmers into specific groups, on given sizes of farms and in homogeneous type of farming areas so that an appraisal of the needs of typical groups and an interpretation of the effect which changing economic conditions are likely to have upon them can be made." On this basis, recommendations for adjustments in light of the outlook might be made with greater success.

Further on, he pointed out, "Until the outlook is localized in this way and interpreted to the individual farmer in terms of an organization with which he is familiar its meaning may not be sufficiently definite to be helpful to him."

Regional Adjustment Studies

Under the leadership of C. L. Holmes, the type-of-farming studies were followed up with studies in needed regional adjustments.

The original type-of-farming studies were chiefly descriptive of the current organization of farms by areas and regions. The next step was to analyze the type-of-farming areas in terms of adjustments that should be made to insure maximum returns with due regard for conservation, over a period of years.

Early in 1935, the program planning division of the Agricultural Adjustment Administration published a report on "Regional Problems in Agricultural Adjustment." As indicated by the title, this publication was useful principally in setting forth the main problems by regions and sub-regions as a stimulus for thought and discussion. It did not attempt to suggest the specific direction or degree of adjustments that should be made in each region.

In 1940, the regional adjustment studies were brought to a head in the form of more concrete recommendations. These were published in a mimeographed report on "Regional Adjustments to Meet War Impacts."

Separate consideration was given in this report to the problems of the Northern Dairy Belt, the South, the Corn Belt, and the Great Plains and Far West. Material gathered for this report and the recommendations contained in it served as the basis for the panel discussions at the 1940 Agricultural Outlook Conference.

In the summer of 1941, the farm-management workers of the Bureau were called in to help revise this report in light of more recent developments, as a basis for State and regional allocation of the national production goals. The outlook for a year or several years ahead has naturally carried more weight in the development of the regional adjustment studies than the short-time, or seasonal, outlook for marketing.

Growth of Outlook Work in the States

At the same time that the Department was improving the basis for its commodity forecasts and for their application to individual farm organization, localized outlook studies were growing up in the States.

A few Land Grant Colleges carried on some outlook work during World War I.

In 1924, Kansas State College began publication of a printed monthly periodical entitled "The Kansas Agricultural Situation," containing monthly forecasts of local prices. The Extension Service of the University of Missouri issued a circular entitled "What to Produce in 1926," in March of that year and an Outlook meeting was held at Ironton, Mo. that same year. Iowa, Wisconsin, Minnesota, Nebraska, South Dakota, Illinois, Indiana, Ohio, Massachusetts, New Hampshire, California, and Montana were among the States that took a leading part in the early development of State Outlook work.

Workers in the Department of Agriculture assisted several States in building up statistical files. In the middle 20's, J. Clyde Marquis and other B.A.E. representatives visited a number of States to encourage this development of local outlook work. Likewise H. M. Dixon of Federal Extension Service assisted the State Extension Services in developing outlook programs.

Today, all States are developing statistical and local outlook agricultural work, including the local adaptation of National Agricultural Outlook information to fit the requirements of local conditions.

Several States have carried on their own type-of-farming studies, which serve as an additional means of local adaptation of the broader National recommendations.

Even before many of the States had progressed far in developing their own price-analysis and farm-management studies, they had assumed the primary responsibility for disseminating national Outlook information. It was soon recognized that the Extension Service afforded the most effective channel for this task.

The B.A.E. could meet more fully its responsibility for the preparation of the national outlook report as its research work was expanded and strengthened. And the economic research men from the State experiment stations, who helped to prepare some of the early national reports, gave way to State extension economists who attended the national meeting primarily as a training school to assist them in local adaptation of outlook information. But the State extension workers continued to bring their knowledge of local conditions to bear upon the final revision of the national reports, and they continued to press for greater definiteness and great localization.

State outlook conferences were initiated in a number of States. District conferences were held as training schools, primarily for county agents. And they, in turn, took the lead in conducting local outlook meetings with farmers.

The Bureau constantly sought the suggestions of State workers. Eric Englund, when chairman of the Outlook committee, was particularly instrumental in influencing the development of outlook work toward greater attention to regional and local needs. H. M. Dixon and his associates of the Federal Extension Service also contributed significantly to the State and local application, through their cooperative work with the Extension Services of the various States.

First Regional Conferences

The initiation of regional conferences through the joint efforts of the Bureau of Agricultural Economics and the Federal Extension Service was a distinct step toward greater localization of outlook work.

The Annual Agricultural Outlook Report that was released in February 1929 contained separate summaries for the East, the Midwest, the Far West, and the Southeast. The same year, a regional Outlook conference was held at Athens, Ga., but with only three States represented.

The resolutions committee of State representatives attending the national conference early in 1930, proposed a series of five regional conferences. These were held at Boston in February; at Washington, D. C. in September; at Ames, Iowa in September; at Atlanta in November; and at Salt Lake City in December.

Similar meetings were held in 1931, and there were at least two regional meetings in 1932.

Several advantages were to be had from the regional conferences. These meetings made it possible for many more State workers to attend, particularly those from the far western States. The discussions were concentrated more effectively on the major commodities within the region. The regional conferences permitted better timing of the information since, for example, Southern farmers are often ready to plant when the ground is still frozen in the North.

On the other hand, the regional conferences had certain shortcomings. As yet no effective national programs of orderly production or orderly marketing had been developed to which the forecasts could be related. And no sufficient body of data had been developed to permit very satisfactory regionalization of the information. Paraphrasing a thought found several of the national reports, the regional report for the Southern States in 1930 said, "These facts should be considered in the light of State and local conditions as presented by the workers of each State."

The regional conferences were regarded as merely supplementary to the National conference, and this was one of the greatest handicaps to their successful continuance. There was necessarily much duplication of the information presented. It meant extra travel and extra expense for the States to be represented at both the regional and the national meeting. It meant an added burden and expense for the Washington staff to prepare and present the information. With a reduction in the funds available for outlook work, as part of the early depression economy nationally and in the States, the regional meetings were discontinued after 1932.

By no means did this indicate an ebbing of interest in agricultural outlook information. On the contrary, a report in 1932 said that farmers' outlook meetings in 1930-31 reached nearly 100,000 southern farmers as compared with about one-fifth that number the previous year. Total attendance of farmers throughout the United States at outlook meetings was estimated at 135,000 for 1928; 204,000 for 1929; 601,000 for 1930; and 845,000 for 1931. By 1941, the Extension Service maintained a regular monthly Outlook Service to more than a million farmers; and H. M. Dixon of the Extension Service estimates that outlook information was discussed at meetings attended by at least 4 million farmers, during the year.

Even more farmers received outlook information regularly through the press and radio. Many other media are also used for disseminating this which provides not only an indication of total production probabilities, but also a guide to individual farmers in the marketing of their crops.

A Review and a Prophecy

Addressing the 1931 regional conference at Salt Lake City, H. R. Tolley reviewed the history of agricultural outlook work and suggested the course of its future development.

"One of the primary objectives of outlook work has been, and probably will continue to be, to obtain and make available to farmers information that will be helpful to them in planning their production programs so as to obtain the greatest returns for their efforts and resources," he pointed out.

He suggested that the best method of doing this would be to work out alternative plans for typical farms in each region or area, comparing expected yields, production, and prices of different commodities, summed up into total returns. The individual plan must be a long-time plan, flexible enough to take care of year-to-year price changes and unforeseeable things such as crop failures.

Farmers are interested not only in the total national outlook, but also in how it applies to their individual localities and their individual farms, Mr. Tolley commented. "We can pass the buck on down to individual farmers and tell them they will have to figure that all out for themselves; or we can develop the outlook program to the point where we can answer those questions."

Noting that the Outlook reports were then tending more and more to give consideration only to prospective prices, he felt they should go more into management aspects, into the marketing outlook (best utilized by farmers' marketing organizations) and into general economic education.

He summed up, "The next major step in the development of Outlook work should, in my opinion, be to mobilize resources in a similar manner for work on other phases of the program, with major emphasis on determining farming plans and programs that will yield the highest returns in the years ahead in the different agricultural regions of the country, and developing ways and means of getting the results to farmers."

New Programs and Changing Concepts

Outlook work, from 1933 on, was transformed by the new philosophy of a balanced agricultural economy. By that time it was evident to an overwhelming majority of farm leaders and other students of agriculture that the provision of economic information to individual farmers--useful though it was--must be supplemented with programs of concerted action on a national scale. Education alone was not sufficient to cope with a major depression.

Chester C. Davis, a former administrator of the A.A.A., pointed out in the pages of the 1940 Yearbook of Agriculture that outlook reports were a contributing factor in shaping the first Agricultural Adjustment Act: "Beginning in 1922, the Department moved beyond the old boundary which had confined it merely to bringing the farmer improved techniques of production. The new step included the dissemination of economic information which would enable individual farmers to make adjustments in their acreage of crops and production of livestock in the light of prospective domestic and foreign demands. It was believed that farmers provided with such an outlook service could develop well-balanced systems of farming which would at least minimize, if not prevent, unprofitable agricultural surpluses and thereby stabilize income."

"The objective of this program, obviously, was basically sound, but it depended entirely upon educational appeal as the motivating force. Even though they convinced farmers intellectually, the Outlook reports failed to direct the economic behavior of many of the millions engaged in farming as individual units. The average farmer remained inclined to let the other fellow do the adjusting while he maintained or increased his production in his fight to meet expenses and interest payments. But the educational process started many farmers thinking about acreage allotments and quotas."

The new agricultural programs still relied on the acceptance and the separate action of individual farmers, but they also gave the farmer a measuring stick to fit broad national recommendations to his individual farm. And they provided special incentives to encourage farmers to fit their individual farming operations to the best interests of the national welfare.

Outlook work shaped the economic aspects of many of these new programs, and was in turn given new direction by them. Fewer and fewer agricultural outlook conferences were held as such, and yet more use was made of outlook information than ever before. This was done along with the work on the action programs. In 1933, for example, there were many conferences of Federal and State people and farmers. Economic information was discussed at nearly all those meetings.

The original A.A.A. plan for adjustment was based on an individual commodity approach, dealing with separate contracts for corn, hogs, and wheat, rather than with the total organization of the farm. It was based on uniform, flat percentage reductions from the historical production on each individual farm, rather than on good farm management. There were logical administrative reasons for launching the program on this basis. But more attention to differences in individual farms was to be desired, and a program planning division was set up within the A.A.A. to suggest improvements.

In 1935, this division and the B.A.E. sponsored the regional adjustment project that has already been mentioned. Four regional conferences were held, with deans and directors of experiment stations, and the heads of agricultural economics departments from the Land Grant colleges, attending. They were asked, in effect, "What adjustments in farming should be made to maintain fertility and control erosion in your State?" A committee was established in each of the State colleges, to prepare an answer.

This was followed by the organization of a County Agricultural Adjustment Planning Project in the fall of 1935. More than 2,400 county committees took part in this project, sponsored cooperatively by the Program Planning Division of A.A.A. and the Extension Service. They were asked, "What production of the various farm products should be expected, after all land not adapted to agriculture has been shifted to other uses, and after sufficient time has elapsed to permit such changes in farm management practices as are necessary to maintain soil fertility and control erosion, and to permit those shifts between agricultural enterprises which seem clearly desirable and susceptible of practical accomplishment?" Their answers were ready by the late spring or early summer of 1936. Together, the answers of the State colleges and the county committees provided the basis for revision of the A.A.A. program to conform more with individual and regional differences.

The new adjustment program established after the invalidation of the original A.A.A. in 1936 put most of these suggested revisions into effect. A single agreement, recognizing the farm as a unit, replaced the separate commodity contracts. Good management requirements of the soil on each farm were given weight along with historical production, in establishing individual farm allotments.

Individual farm planning and home-management planning, or budgeting, have become an increasingly important channel through which agricultural outlook information is put to use on individual farms--both on a strictly educational or demonstrational basis, and in the local administration of action programs.

During his years with the Bureau of Agricultural Economics, J. B. Hutson now president of the Commodity Credit Corporation did much to popularize a simplified farm budget to adapt the individual farm to changing conditions, or to the agricultural outlook, in other words. The Extension Service, however, has had the longest continuous experience of all the agencies in helping farm people throughout the Nation to apply outlook information through farm and home budgeting. Many of the extension educational and demonstrational programs, carried on in various stages, are now based on individual farm planning or on farm-and-home planning, which are essentially budgeting. This method of using outlook and other information to help farmers to plan their production programs has increased greatly in importance during recent years.

Individual farm planning and home-management planning are virtually the cornerstone of the rehabilitation program of the Farm Security Administration.

Together, the F.S.A. supervisors and rehabilitation borrowers estimate the needs for family living during the coming year, both in cash and in home-produced foodstuffs. A farm plan is then worked out to supply these needs within the limits feasible on the individual farm. The plan contains estimates of the acreage, production, and value of different crops and livestock--another practical application of outlook information to the individual farm.

The Soil Conservation Service program is based fundamentally on the physical needs of the individual farm for conservation and maintenance of productive capacity. However, Soil Conservation workers have found it desirable to pay increasing attention to the probable effect of proposed conservation practices upon the entire farm economy. This involves an appraisal particularly of the long-time outlook.

The Farm Credit Administration is placing more and more reliance on detailed farm budgeting as a means of insuring the successful use of its loans. And again these budgets must take the National and State outlook into consideration.

The agricultural action agencies have found that the most practical method of assisting farmers or farm families in preparing plans for their individual farms is to bring them together in groups which have similar problems or similar organization. This affords an excellent opportunity for putting outlook information into use on the individual farm, and in the local administration of these programs, through use of the model type-of-farm approach.

Even more recently, the agencies have been working together to develop a basic farm plan that would be acceptable to all of them. Experiments in this direction are already under way in four States. In other words, agricultural administrators all recognize the fact that there can be only one farm-and-home plan for an individual farm, even though that plan may be shaped in part by two or more programs administered through different agencies.

Not only is outlook information put to use in the application of demonstration and action programs to individual farms, but it is an important element in the formulation of the programs themselves on a local, State, and National level. This was greatly facilitated by developments stemming from the Mount Weather Agreement between the Department of Agriculture and the Land Grant Colleges, which was signed in July 1938.

One outgrowth of this agreement was the reorganization of the Department in 1938, which designated the Bureau of Agricultural Economics as a central clearinghouse for agricultural planning in the Department and throughout the Nation. Another major development was the establishment of State, county, and community Agricultural Planning Committees. One major function of these committees is to bring local farmer opinion to bear upon the effective and democratic formulation of agricultural programs. Another is to assist in more widespread dissemination of information about the outlook for agriculture and in the local adaptation of this information.

The 1941 reports of the State Agricultural Planning Committees on "Agriculture's Plans to Aid in Defense and Meet the Impacts of War" were to some extent an outgrowth of discussions on that same topic at the Annual Agricultural Outlook Conference, held the previous autumn. These reports were centered largely around the long-time Outlook.

The State and local planning work is sponsored nationally by the Extension Service and the Bureau of Agricultural Economics. These organizations are headed, respectively, by M. L. Wilson--who has had an active role in the development of outlook work from the start, first as a representative of the Montana Extension Service and later in the Department of Agriculture--and by H. R. Tolley, whose associations with outlook work have already been discussed.

Outlook in Marketing Programs

Most of the discussion so far of the use of outlook information in action and demonstration programs has been confined to the production aspects of the outlook. But another group of programs make use of the outlook in promoting orderly marketing.

Commodity loans and the ever-normal granary, marketing quotas, and milk-marketing agreements are all examples of aids to orderly marketing. Operations of the Surplus Marketing Administration go even beyond this point. That agency plans its purchases in such a way as to help stabilize the market, but its distribution of surplus foods is designed to increase the total consumption of farm products to the benefit of producers and consumers alike.

All these programs rely to varying degree on either the short-time or the long-time supply-demand-price outlook. Prospective purchases under the Lend-Lease program now have an important influence on the outlook for demand.

Even before the establishments of the marketing action programs, farmer cooperative organizations were making good use of outlook information in planning their marketing activities--aided by the educational work of the Land Grant colleges and the Extension Service.

A Year-Round Outlook Program

One of the greatest forces in changing the character of the National Agricultural Outlook Conferences was the growth of a year-round outlook service.

But the trend toward developing an even flow of outlook material throughout the entire year instead of bunching it into one annual effort is as old as the national conferences themselves.

Around 1921 the Department began publication of mimeographed, monthly, economic notes, edited by A. B. Genung. These were favorably received, and about a year later they were transformed into the printed monthly called "The Agricultural Situation."

During the next decade and a half, this publication contained commodity reviews and forecasts. In 1924, O. C. Stine wrote that his Division was "trying to develop a basis for monthly price reviews which will be to some extent regular monthly agricultural outlook reviews." And Nils A. Olsen, then in charge of the agricultural finance work of the Bureau, commented, "Two key programs will dominate the Outlook series; a spring Outlook in which the emphasis is placed upon the production program, and a fall report in which major attention is given to the marketing of crops. Secondary or special reports on particular commodities and situations will be issued from time to time as occasion demands."

About 1937, most of these situation reviews were taken out of the periodical called The Agricultural Situation, and expanded into separate reports. Twelve of these reports, essentially Outlook in character, are now issued monthly in mimeographed form, including The Demand and Price Situation, The Farm Income Situation, The Feed Situation, The Dairy Situation, The Wheat Situation, The Cotton Situation, The Livestock Situation, The Poultry and Egg Situation, The Fats and Oils Situation, The Wool Situation, The Fruit Situation, and The Vegetable Situation. In addition, The Tobacco Situation is issued quarterly, and The Sugar Situation and The Rice Situation are issued annually.

The development of outlook work into a year-round service has also been reflected in the chart work, developed under the leadership of R. M. Hainsworth. The first Annual Agricultural Outlook Reports were without illustrations. But by 1928 the demand for illustrating these reports brought about the preparation of the first book of Outlook charts.

These were issued at first in separate volumes for crops and livestock, and then later expanded into separate volumes for each major commodity or group of commodities. Because of financial limitations and the pressure of other work, the annual chart books were greatly curtailed and finally abandoned in spite of ever-increasing demand for them. However, the charts are included in the monthly Situation reports.

As already stated, the action programs became one of the best outlets for outlook information for economic considerations entered into virtually all the educational meetings and discussions held in connection with them. As a result, there was continually less need for Outlook conferences, as such, in the field.

H. M. Dixon, who has long been associated with Outlook work calls it "One of the largest single activities in Extension." But few, if any, county agents now hold strictly "Outlook meetings." Mr. Dixon cites, as one example, a Midwest county agent who reported that outlook information was used in 76 meetings in his county last year. The same agent discusses some phase of the outlook for production or marketing every week on the radio, and uses similar information once a month in a newspaper column.

Accuracy of Outlook Reports

Studies of the accuracy of the outlook forecasts indicate a very high batting average, although it is difficult to score certain types of forecasts, as F. L. Thomsen has pointed out in his book on "Agricultural Prices".

"If a definite quantitative forecast of, say, \$1 per bushel is made, how would it be rated if the actual price proved to be \$0.80, \$0.90, \$1, or \$1.20?

". . . It is relatively easy to determine the proportion of the instances in which the actual directional movement was the same as that forecasted."

Dr. Thomsen concluded that forecasts are helpful to the individual who uses them if they are accurate more often than the individual's own estimates would have been without them, provided he understands their limitations.

A study to ascertain what proportion of the forecasts contained in National Agricultural Outlook Reports from 1924 to 1929 were correct was made by C. V. Wells. This study was based on directional movements, rather than on quantitative forecasts. A similar analysis of more recent forecasts was made by W. H. Youngman, who has served for many years as Secretary to the Outlook Conferences. Both of them indicate that, on the whole, National Outlook forecasts are correct 80 to 90 percent of the time. However, a number of interesting variations have appeared. The forecasts for major factors are generally more accurate than the forecasts for minor influences in the outlook. There is considerable variation between commodities, and some variation from year to year.

New techniques are constantly sought and tested in an effort both to widen the scope of the forecasts and to improve their accuracy. Increasing thought is being given, incidentally, to the development of long-range outlook forecasting.

Changing Character of the Outlook Conferences

The character of the Outlook conferences has undergone a number of changes since 1923.

In the beginning the National meeting was designed as a conference to formulate a picture of expected supply and demand during the coming year. The first year, economists were invited from outside the Department of Agriculture. The conference was continued through the years as a gathering of research and extension workers from the Department and the Land Grant colleges.

Preparation of the National Agricultural Outlook Reports was carried out for a number of years by committees. Much of the time of the conference itself was taken up in a critical review of these reports, "comma by comma" as one early worker put it.

In the latter 1930's, however, this minutia was replaced by less formal presentation of reports, the reading in the conference of only brief summaries, and allowing more time for discussion. More and more, this was confined to major commodities; the minor ones were included in the reports but their part was neither read nor discussed in the conference. Attendance at the conferences included not only many Department workers but also upward of 100 representatives of the States. For this reason, and because of the growing importance of over-all economic issues in agriculture including questions of policy, it was decided, at the suggestion of Mr. Englund, chairman of the general outlook committee, that consideration of the broader issues be included in the Outlook program.

Beginning in 1940, the commodity committee system was abandoned in favor of the preparation by individual commodity specialists. Since 1937, the reports have been sent out in advance to State workers, and only the summaries have been read in the National meetings.

The Outlook Conference for several years served primarily to give State extension workers the necessary background for local adaptation of the National report. Under the leadership of C. L. Holmes, who was head of the farm management work in the B.A.E. and chairman of the Outlook committee for several years, a long-time outlook was developed for presentation at the final session--supplementing the regular commodity outlooks. This long-time outlook placed a great deal of emphasis on differences in regional developments throughout the Nation, the relationships between agriculture and the economy as a whole, and similar topics.

In 1933, Outlook conferees first gave formal consideration to the changes in farm-family ways of living that follow changes in income levels and in the prices of things bought for the household. Each succeeding year a joint committee of the Bureau of Home Economics, the Bureau of Agricultural Economics, and the Extension Service, prepared a report on the impact of the economic situation on farm-family living, with a consideration of the adjustments that might well be made. Further, each year the home economists of the Department and from the States have devoted several sessions during each Outlook Conference to discussion of the significance of economic and other information for farm-home management planning, and to sharing experiences as to effective methods of using such information in helping families to improve their levels of living. Year by year, increasing emphasis has been placed upon gearing the home economics program for better use of family resources in daily living to other programs of the Department, such as better use of land, increasing farm-family financial security, improving farm credit, and extending rural electrification. Obviously helping farm families plan to use their resources effectively for better living is a necessary complement to helping farmers plan production so as to get greatest monetary returns on their capital investment, management, and labor.

In the last few years, the development of a year-round agricultural outlook service and the growth of more intensive outlook work within the States have largely removed the need for detailed discussion of individual commodities at the National Outlook Conference. At the urging both of State extension workers and B.A.E. men engaged in outlook work, greater emphasis has been placed on general political and economic developments affecting agriculture. Representatives from other Federal agencies, outside the Department, have been called in to help supply this background information.

The discussions at the National Agricultural Outlook Conference in October 1940, centered mainly around war impacts, and regional adjustments in farming needed in view of those impacts. Two full days, in fact, were devoted to discussions of the situation by regions.

This trend in the National meetings was paralleled by the shift away from separate outlook meetings in the States, toward the incorporation of outlook information into a wide variety of farm meetings.

Regional Outlook meetings were held in the early 30's--as pointed out before--and they had several points in their favor. But on the whole they were unsuccessful because they fell short of a genuine localization of outlook information.

The meetings held last in September 1941, to discuss production goals, pointed the way toward regional outlook discussions of the type envisioned by Mr. Tolley in his talk at the 1931 Salt Lake City conference.

The goals discussed at those meetings did not constitute the outlook itself, but are very closely related to it, and they were set with the outlook situation in mind. As traditionally conceived, the Outlook Report was a forecast of probable production and demand if things were permitted to take their natural course. With the advent of programs for production control and orderly marketing new factors were introduced which modified the free play of supply and demand. This year, war requirements are a dominating influence in determining prospective demand.

When spreading warfare in past months changed many a surplus into a potential shortage, the techniques that had been developed in forecasting domestic and foreign demand as part of the outlook program were called upon to estimate the total food and fiber requirements of the United States and its Allies, including reserves for a post-war stockpile. These requirements were listed in pounds and acres. Marketings of livestock were taken into account and the methods that had been developed to apply the National Outlook to type-of-farming areas were drafted to apportion the National goals by States, and to suggest what local adjustments in farming would be necessary to fulfill those goals.

Insofar as possible, the allocation of the goals was based on conservation management, to maintain the productive capacity of the farm. Availability of machinery, labor, livestock for breeding and production, nearness to

processing plants or ultimate consumers, and past experience in producing each commodity, were among the many factors considered. In allocation of the goals, farms were considered as a whole rather than solely in terms of individual commodities.

All this was discussed at the regional agricultural conferences held in the autumn of 1941. These conferences included representatives from the whole field of agriculture. There were men from research, educational, and action agencies, and representatives of farmer planning groups and of farm organizations.

This year, war requirements taking precedence over normal civilian demand as production-goal determinants, it was logical that the National Outlook Conference should be a follow-up of the regional production-goals meetings to report progress made, and to discuss obstacles encountered and means of overcoming them.

In announcing plans for the National conference, Secretary Wickard emphasized that outlook information should be closely linked to expanding efforts for planning and achieving production goals. "The achievement of this objective is our primary job for the 'duration'", he said. "This can be accomplished most effectively, I am sure, through the closest possible cooperation between the planning groups, administrators, and specialists in the Department agencies and bureaus and the personnel of the Land Grant Colleges. As I see it, the educational work performed by the State Extension Services becomes more important than ever before in such an endeavor."

Secretary Wickard also pointed out that a continuing analysis of production possibilities is essential as a guide to the application of annual production goals both for 1943 and for succeeding years, and that the active participation of the State Experiment Stations in that effort will be indispensable.

Like most forward steps in agriculture, the production goals were born out of a National crisis. Formulated goals will certainly be needed until after the war and the world-wide post-war rehabilitation. There is every prospect that by that time their continuance will be demanded as a service essential not only to farmers, but to the entire public welfare.

Toward the Future

The development of Agricultural Outlook work from 1923 to 1942 was characterized by an unremitting effort to improve the foundation upon which it was based, to widen its scope, and above all to make it increasingly useful to individual farmers.

It has progressed from an annual forecast into an all-year service and a broad program of economic education and policy. No longer a separate program, outlook work is becoming more and more a part of the woof and warp of all agriculture.

Looking ahead, there is every reason to believe these trends will be continued and even accelerated. Outlook work seems sure to be increasingly interrelated with the action programs and their application to individual farms. It should become more and more useful in planning for local adjustments and National adjustments in agriculture, both from year to year and over a long period of time.

Agriculture and the entire National welfare apparently will continue to require production goals, and certainly a detailed and accurate picture of the outlook for agriculture will be indispensable to the continued formulation and attainment of those goals.

Wide fields lie ahead for the further development of marketing outlook information--for outlook work in terms of human needs and of production and marketing to meet those needs--in place of "supply and demand" as traditionally defined. Such a development will be possible only if it is grounded on further research or even new types of research in local problems of production, transportation, and marketing.

New techniques for obtaining a longer view ahead, still better ways of disseminating outlook information, and new methods of applying it to frontal attacks on the problems of agriculture will be required as the whole National welfare becomes increasingly closer knit.

In sum, all of this means bringing the agricultural outlook closer and closer to the individual farmer. Such is the challenge confronting outlook workers now and in the future.

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